



October 1st, 2007

Good Morning and thank you Chairman Accavitti and members of the committee for this opportunity to speak to you. My name is Barry Bahrman I am a fourth generation Yooper farmer/logger, business owner, 15 year Township Supervisor and have been appointed by this Governor to sit on the Up State Fair Board and the previous governor to sit on the Base Closure Committee. My biggest accomplishment is being married to my wife Michele for 22 years and having three sons, whom the oldest is the Army and is preparing to leave for Afghanistan, with my two younger sons still deciding on their future. I am not a professional speaker and do not claim to have all the answers for the state in alternative energy and I am not going to load you up with statistics and calculations today, but I do recognize an opportunity for Michigan companies and families in giving our kids the choice of homegrown businesses and jobs instead of a war zone.

Today I am joined by Mr. William Tyburk from PCI Management & Consulting who is a expert in the field of biomass generation and Mr. Earl St. John owner and president of one of the nation's largest logging companies based in the UP. We truly do appreciate the opportunity to address the House Energy and Technology Committee today on what I feel is the turning point for Michigans economy and its many businesses that work in the agricultural and timber industries. This is through the development of a strong Michigan Renewable Portfolio Standard. There has been some criticism of the state in being behind on the development of its own RPS, what I see is the opportunity to get it right and not follow what other states are doing but to look out side the box and develop a model that leads the nation for long term positive effect not only on the environment but utilizes the advantages the state has to offer for economic growth.

I want to thank the Governor and the House & Senate for their ability to identify the assets that Michigan uniquely holds in being the nations leader in alternative energy resources. The challenge now is to create a strong RPS that positions Michigan as the true leader in alternative energy thru mandates that encourage investment in new facilities that utilize our assets within our state boundaries. Although we understand that Michigan is surrounded by water, relating to hydro energy and the state is rated 14 in the nation for available wind generation, the strongest position the State of Michigan holds is in the generation of dependable renewable alternative energy with true economic benefit is through the use of biomass fuel.

Office:

126 Pine Street
Suite 301
Green Bay, WI 54301

Office & Plant:

413 First Street
Gwinn, MI 49841



October 1st, 2007

In the UP we have a strong Scandinavia heritage, myself being Swedish along with numerous Finns and Norwegian's that live and work in north. I would encourage Michigan to look to the countries that have been successful with alternative energy and the use of biomass for energy and how they have measured the cost and benefits. The reality is we as a people have been burning biomass as a energy source for thousands of years and with new cleaner technology and incentives built into the RPS this can again be the preferred means of energy with fossil fuels being the high priced alternatives.

I would encourage this committee to approve the appropriate definition for biomass in the RPS this critical, as what can be used for fuel will drive the investment into the state and provide a true economic benefit to existing industries that are poised to respond. The current definition in House Bill 4539 and Senate Bill 385 seems to leave out wood fuel from traditional timber operations which could limit the available fuel to meet any aggressive standard. I feel the definition of biomass in House Bill 4562 and or Senate Bill 213 better provide a true opportunity for the state to impose a higher standard with realistic means to accomplish the true goals for the state.

I have forwarded to you a plan for a Biomass Cogeneration Plant located at the closed KI Sawyer Air Force Base in Marquette County. I have formed a company and secured the location. This plant will generate not only electricity for sale to the transmission grid but also provide steam energy for heat and drying processes for businesses at Sawyer off setting their current dependence on natural gas. The availability of fiber in Michigan supports this creation of a new market for fiber (fuel). The loss of former consumers of fiber has presented the timber industry with an ongoing struggle to develop markets, which would help stabilize a major industry in Michigan.

Office:

126 Pine Street
Suite 301
Green Bay, WI 54301

Office & Plant:

413 First Street
Gwinn, MI 49841



October 1st, 2007

Agricultural infrastructure in Michigan has the ability along with the need to create and produce large volumes of sustainable fuel. The market biomass plants would provide help stabilize another of Michigan's major industries. For farmers who struggle to grow crops on low or moderate soils and have had to manage with a limited growing season, the introduction of new crops such as switch grass with a reliable and long term markets bring a nontraditional sustainability to Michigan's agricultural economy.

In conclusion the investment in Michigan will come from not only interstate investment but from global partners who look at the global market for tradable credits, return on investment and government mandates that provide long term sustainability and true public private partnering. With this in mind I encourage you to look beyond neighboring states and take into account the true assets and our heritage that sets us apart to position us as the nations leader in renewable energy. Thank you for your time and now we can answer any questions.

Office:

126 Pine Street
Suite 301
Green Bay, WI 54301

Office & Plant:

413 First Street
Gwinn, MI 49841

Timberland Power Company is a renewable energy company with offices in Wisconsin and Michigan.

Through our evaluation process we have identified and secured a sight in Marquette County Michigan to develop a 100-MWh biomass cogeneration plant. This plant will be one of the largest wood fired biomass plants in the nation. Through initial scope of research we have confirmed a strong probability of success.

- The project would be a 100-megawatt Fluidized Bed System, Electric and Steam Generating power plant
- Located at the former KI Sawyer Air Force Base in Marquette County
- \$250-\$300 million overall investment in the State of Michigan
- Identify Michigan as home of the Nation's largest wood fired biomass plant
- 1.2 million tons of fuel annually derived from wood chips and switch grass which support the struggling Timber and Agricultural industries
- Create 300 construction jobs over a 2 year period
- Create 55 full time direct jobs and 1250 indirect jobs
- Provide economic development opportunities for locating businesses that require steam or support current local businesses with affordable heating and electricity alternatives
- Provide stable and reliable electric generation to be used throughout the Midwest and help meet Michigan's proposed Renewable Portfolio Standard
- Pre-construction and permitting would begin in 2008 with start-up being in late 2009/2010

Conferences with engineers, construction companies, fuel providers and financial partners continue to verify the viability of this project. Return on investment and acceptable risk level has encouraged us to move in the direction to fully engage the project after the completion of a detailed feasibility analysis and study.

We hope the State of Michigan would partner with Timberland in putting Michigan in the lead for alternative energy production. We look forward to discussing this project in more detail and finding ways to work in concert with the State in bringing this project to reality.

Timberland Power Company has, to date, 100% self financed predevelopment studies and project development. We request help identifying and securing governmental funding, incentives, and agency support that could be used to facilitate this project.

Our most urgent need for this project is a full feasibility study addressing interconnect issues, fuel procurement plans, power purchase agreements, permitting requirements and the development of a realistic timeline. Our initial review shows no fatal flaws or issues; this study will solidify and trigger the project. This request is to identify funding to cover this cost, which will not exceed \$70,000. We believe the State's current CDBG funds could be used for this more in-depth study.

We also believe it would be a logical use of CDBG funds for the interconnect to the power grid and the creation of a steam delivery system to other community buildings which would enhance economic development, as the area struggles with high heating expenses.

In addition, the extension of the Renaissance Zones as a tax incentive for locating in Michigan is very important.

We believe that the establishment of the State's Renewable Portfolio Standard should include an .06 cent per kilowatt incentive for biomass generation. This would provide the needed support necessary that could translate to fuel procurement cost which in turn has a trickle down effect for the timber industry. The RPS could mandate a percent of the incentive go directly for fuel procurement and therefore help our struggling timber industry.

The long term economic development benefit for biomass over wind or hydro is that jobs continue after plant construction ends which support a higher kilowatt incentive in the RPS. This benefit cannot be understated as any positive effect for the timber industry has a major impact on the entire state economy.

Timberland would like to discuss these issues in more detail with you and members of your staff. We also would honor the opportunity to testify before the Energy Committees of both the House and Senate on the future of alternative energy in Michigan and the effect of the proposed State Renewable Portfolio Standard.

Timberland Power representatives will be traveling to New York the third week of October for discussions with Morgan Stanley to fully define their role in this project. We feel it is imperative to have some input from the state on their willingness to participate and at what level prior to that time.